

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE BRISTOL COUNTY WATER AUTHORITY

Wednesday, February 15, 2006

WARREN OFFICE, BOARD ROOM, 450 CHILD STREET, WARREN, RI

Pursuant to proper notice, the regular meeting of the Board of Directors of the Bristol County Water Authority was called to order by Chairman Anger at 6:00 pm, in the Warren Office, Board Room, 450 Child Street, Warren, Rhode Island. Executive Director Pasquale DeLise, and the following Directors were in attendance at the commencement of the meeting:

**Bert Anger, John Jannitto, William Lavey, Ian Morrison, John Saviano,
Frank Sylvia**

Director Absent - Joseph Rego

HOUSEKEEPING

Minutes of the following meetings were reviewed.

Upon a motion duly made and seconded, it was

VOTED: That the minutes of the regular meeting of January 18, 2006, be and hereby are approved.

Director Veader entered the meeting at 6:03 pm.

PUBLIC RELATIONS/PERSONNEL COMMITTEE

Old Business, Director Sylvia reported:

1. Boardroom Furnishings/Decorations/Fixtures, Due to work load and personnel absenteeism, Staff has not been able to work on this item. Staff will submit report to committee at March meetings.

New Business

1. Pension Plan Quarterly Report, please notify Staff of any questions or comments.

ENGINEERING

Old Business, Director Morrison reported:

1. Shad Pipeline, Executive Director/Sue Andrade at/scheduled for RIWRB meetings of 2/7/06 and 2/14/06. Engineering Assistant Ms. Susan Andrade stated that the RIWRB approved approximately \$93,000 for reimbursement to BCWA.

New Business

1. Annual Maintenance Contract – Recommendation to Award, Committee recommends approval. Upon a motion duly made and seconded, it was

VOTED: To approve Lannan Inc. of Bristol at a price of \$237,580.00, as presented.

Director Saviano questioned why the second bidder had backed out of his bid. Production Superintendent Mr. Paul Ramsay stated that the second bidder had another contract on the West Bay and could not do both jobs. Director Veader questioned the \$50,000 difference between the two bids.

Director Klepper entered the meeting at 6:15 pm.

Mr. Paul Ramsay stated that Lannan Inc. bid and won the contract last year with a bid of \$162,000. This year 12 contractors were notified, 4 attended the pre-bid meeting, only 2 bids were submitted, and one of the 2 bids was withdrawn.

Motion passed 7 – 1, Director Veader voted nay.

Old Business

1. Matters Related to BCWA Discharge to Warren Sewer Plant, Legal Counsel Ms. Sandra Mack updated the Board on the nature of the lawsuit against BCWA by the Warren Sewer Commission. The Warren Sewer Commission asked the Court to stop the flow of sludge discharge because BCWA did not have a permit. The court ruled that BCWA did have a permit agreement and the Warren Sewer

Commission failed to act. Both parties have to resolve their differences and return to court in 30 days. The BCWA will pay a reasonable cost for the discharge. The \$25,000 was an illegal fine by the Warren Sewer Commission and BCWA will not have to pay the fine.

Legal Counsel Ms. Sandra Mack updated the Board on the East Providence Pumping Station, East Providence is demanding ownership of the pump station. Camp Dresser and McKee (CDM) were the engineers who designed the pump station. BCWA and East Providence have to work together with CDM to test the pump station.

2. Kickemuit Reservoir Fish Ladder, construction scheduled to go out to bid in March 2006. Executive Director DeLise updated the Board. Construction of the fish ladder should begin June 1, 2006 with 120 days to complete the project. The job will be advertised in the Boston Globe and the Providence Journal. If the job goes above the bid price BCWA will get the difference reimbursed from Federal moneys.

AUDIT/FINANCE

Old Business, Director Saviano reported:

1. Status of Water Resources Board Grant Requests, Executive Director/Sue Andrade at/scheduled RIWRB Meetings of 2/7/06 and 2/14/06. Request for \$105,717.56 submitted to RIWRB in September 2005 for Shad Pipeline repairs done in-house by BCWA.

2. Watershed Protection Program, Executive Director DeLise stated the land deal has been completed. Paperwork is now being prepared to be submitted to the State for a refund, for a total of \$160,000 plus legal fees and survey costs.

3. Other Potential Fund Raising Venues, For March 2006 meetings add BCWA Barrington land.

4. FY07 Proposed O&M Budget, Director Saviano made the following motion

MOTION: To approve FY07 O&M Budget for \$6,388,799, as presented.

Director Sylvia seconded the motion.

Director Sylvia question if the motion as submitted includes a 15% increase, the increase is now 7%. Director Saviano stated that a percentage has to be cut from the budget, either personnel or purchases. Chairman Anger stated he would vote no to the motion, things have to be cut.

Director Saviano withdrew the motion.

Director Saviano made the following motion

MOTION: To approve the FY07 O&M Budget and the FY07 Capital Budget for a total of \$7,839,413, as presented.

Director Klepper seconded the motion.

Director Klepper stated that 3 years ago rates were approved. The Shad Pipeline collapsed, the Plant has not been in operation for 3 years and BCWA has been purchasing Providence Water at 100%. Staff needs money to operate the company, it has an obligation to its Bond holders. 3 water storage tanks have to be dealt with, can BCWA risk doing no work on the tanks for one more year. There are limited options.

Chairman Anger stated that 3 years ago the Board approved rate increase of 9%, 9% and 7%. BCWA is a public utility, not a private company. An option is to cut personnel. In private industry, all Staff, including the head, would cut salaries by 10% for 6 months. BCWA should stick with a 7% rate increase, reduce some items in the O&M Budget and review the budget in 6 months. Then see if additional money is needed.

Director Saviano asked what were the Revenue Fund amounts for the last 3 years. Manager of MIS and Accounting, Mr. Web Goodwin stated in 2002 the amount was \$4,438,000, 2003 - \$3,818,000, 2004 – 2,348,000, 2005 - \$1,236,000. The projection for the end of 2006 is \$906,000. Director Saviano stated the BCWA is letting this company

bleed using money that no longer exists. Executive Director DeLise stated that no capital improvements have been done for the last 2 years. Director Saviano asked Mr. Goodwin about the \$1 million fund for the Shad Pipeline. Mr. Goodwin stated that most of the \$1 million went to building the school and the rehab of the Water Treatment Plant.

Director Veader asked Director Saviano if his motion included an 8% increase above the 7% for a total of a 15% increase. Director Saviano stated that it did include an extra 8%. Director Veader stated that he would be voting against the 15% increase.

Director Sylvia questioned, in the capital budget, the money projected to purchase meters – 1500 meters for \$300,000. Director Morrison stated that our revenue depends on our meters functioning properly.

Director Saviano questioned what would happen to the system if a storage tank failed. Executive Director DeLise stated that the system could become contaminated and there would not be adequate fire protection.

Motion failed 3 – 5. Voting Aye Directors Klepper, Morrison and Saviano. Voting Nay Chairman Anger, Directors Lavey, Jannitto, Sylvia, and Veader.

Director Veader made the following motion

MOTION: Reduce by \$224,000 out of both the Capital and O&M Budgets. A 3% decrease. Rate increase will be 12%.

Motion was seconded by Director Saviano.

Director Veader stated that line by line cuts should be made. Annual pension contribution should be cut to \$116,000.

Director Jannitto stated that he would not be voting for any increase. The Board should step back and review the budget next year. Our reservoir should be dredged to increase the water supply.

Motion tied 4 – 4. Voting Aye Directors Klepper, Veader, Morrison and Saviano. Voting Nay Chairman Anger, Directors Lavey, Sylvia and Jannitto.

Director Saviano made the following motion

MOTION: Approve FY07 O&M Budget for \$6,388,779, as presented.

Motion was seconded by Director Klepper.

Director Veader stated that \$124,000 should be cut from the O&M Budget, he would be voting against the motion.

Motion did not receive 7 votes to pass. Vote was 6 – 2. Voting Aye Directors Jannitto, Saviano, Klepper, Sylvia, Morrison and Lavey. Voting Nay Chairman Anger and Director Veader.

Director Saviano stated that if the majority of the votes are ayes then the Chairman should vote with the majority. Director Veader stated that Director Saviano was out of order with that statement.

Director Klepper made the following motion

MOTION: Approve the FY07 O&M Budget, less \$100,000 than presented.

Motion was seconded by Director Saviano.

Motion failed 4 – 4. Voting Aye Directors Klepper, Veader, Morrison and Saviano. Voting Nay Chairman Anger, Directors Sylvia, Lavey and Jannitto.

Director Klepper made the following motion

MOTION: Approve the FY07 O&M Budget, less \$124,000 than presented.

Motion was seconded by Director Veader.

Motion passed unanimously.

Director Saviano made the following motion

MOTION: Approve the FY07 Capital Budget, less \$100,000 than presented.

Motion was seconded by Director Veader.

Chairman Anger stated this would be a 12% increase.

Motion failed 3 – 5. Voting Aye Directors Klepper, Saviano and Veader. Voting Nay Chairman Anger, Directors Jannitto, Sylvia, Lavey and Morrison.

5. Senior Citizen Discount, Director Saviano stated that when the Senior Citizen Discount was first passed 10 years ago the total cost was \$37,000, that amount is now \$200,000. Alternatives to do away with the Senior discount are to eliminate the discount by March 1, 2006, cap/discontinue the discount during a 3 – 4 year period or cap the discount without discontinuing it. Motion requires seven votes to pass.

Director Klepper made the following motion

MOTION: Cap/Freeze the amount of the Senior Discount effective

March 1, 2006.

Motion was seconded by Director Saviano.

Director Jannitto stated that the seniors are being punished. The Senior Discount is the only good PR coming from the Board. This is a good program and should be kept. Director Veader stated that the Board has to compromise. The motion would be serving both sides. Director Jannitto stated that Warren Directors had received a letter from the Warren Town Council stating that they opposed any change to the Senior Citizen Discount.

Motion did not receive 7 votes to pass. Vote was 6 - 2. Voting Aye Chairman Anger, Directors Morrison, Saviano, Veader, Lavey and Klepper. Voting Nay Directors Jannitto and Sylvia.

Item will be continued at the March meetings.

EXECUTIVE DIRECTOR'S REPORT

The Executive Director's Report was self-explanatory.

NEXT STEPS

- 1. Public Relations/Personnel Committee Meeting, Tuesday, March 14, 2006, 5:15 p.m., Warren Office, Board Room, 450 Child Street.**
- 2. Engineering Committee Meeting, Wednesday, March 15, 2006, 5:15**

p.m., Warren Office, Board Room, 450 Child Street.

3. Audit Finance Committee Meeting, Thursday, March 16, 2006, 5:15

p.m., Warren Office, Board Room, 450 Child Street.

4. Board of Directors Monthly Meeting, Wednesday, March 22, 2006,

6:00 pm, Warren Office, Board Room, 450 Child Street.

There being no further business, the meeting was adjourned at 8:25 pm.

William J. Lavey, Jr.

BCWA Secretary